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Chapter 8 Facts and Ideas

1. Why should you prepare a budget?

To plan for spending and saving so you will not run out of money.

1. What are the four steps in preparing a budget?
2. Calculate your total expected income for a time period.
3. Decide how much of it you want to save.
4. Estimate your expenses.
5. Then balance your budget and avoid spending more than you make.
6. What choices do you have if your initial budget doesn’t balance?

Adjust your budget plan to make them match.

1. If you had to reduce your spending to balance your budget, which would you try to reduce first: fixed or variable expenses? Why?

Variable expenses because they are depending on choices you make/

1. What four types of personal records should you prepare and keep in a safe place?

* Income and expense records
* Net worth statement
* Personal property inventory
* Tax records

1. Besides for obtaining credit, what is another good reason for preparing a personal property inventory?

It can help you make an insurance Claim in the event of an emergency.

1. How is implied contract different from an express contract?

Implied contracts are unwritten agreements you may not even realize you have made, Express contracts have two parties that have put their terms in words.

1. Give 3 examples of contracts that must be in writing in order to be enforceable.

* For sale of real property
* Contracts that cannot be fully performed in one year
* Contract where one person agrees to pay the debts of others.

1. In order to be legally enforceable, contracts must contain what four elements?

* Agreement
* Consideration
* Contractual Capacity
* Legality

1. List five consumer responsibilities when entering into a contract.

* Fill in all blanks or spaces
* Write all terms clearly
* Be sure seller has supplied all relevant information.
* Understand all terms.

1. What is the most commonly used form of negotiable instrument?

Checks and promissory notes.

1. Explain the concept of a filing system for personal records and list several file labels you would choose.

Filing systems keep personal records organized and stored. I would choose:

* Automibile
* Entertainment
* Subsciptions
* Taxes